



## CONNECTICUT DEPARTMENT OF CONSUMER PROTECTION

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JONATHAN A. HARRIS | COMMISSIONER

### Testimony of Jonathan A. Harris Commissioner of Consumer Protection General Law Committee Public Hearing, February 21, 2017

#### **S.B. 822 “AN ACT CONCERNING CONSUMER CONTRACTS”**

DCP receives thousands of consumer complaints every year, many of which are handled by our Legal Division where there is a designated working group of attorneys, an investigator and a paralegal who proactively handle arising issues concerning unfair trade practices. Several of the most common complaints identified by this group, known as the “Market Fairness Group,” involve weight loss programs, dating services and contracts with senior citizens. This proposal seeks to strengthen our statutes to further protect Connecticut’s consumers.

The first two sections of this bill would address complaints we receive surrounding consumer contracts with senior citizens. Section one of this bill would amend Chapter 741c, the Liquidated Damages Provisions in Consumer Contracts, to require that a consumer contract or consumer lease entered into by a consumer 60 years of age or older, automatically terminates upon the consumer’s death, and any penalty provisions of the contract would also be deemed unenforceable.

The Department has received complaints from senior citizens and family members of deceased seniors who unwittingly enter into long-term contracts for services such as emergency assistance or home security systems.

The contract duration is, by design, often longer than the senior consumer will likely be able to benefit from the services (because of death or health reasons forcing them into alternative living situations). Further, the cancellation terms of the contract are ambiguous, extremely stringent, often require a buyout of the entire contract or some other large monetary penalty to terminate, and the entity refuses to accept the death of the consumer as sufficient for terminating the contract.

Section two of this proposal would expand the plain language requirements under C.G.S. § 42-152 to add a provision that any contract entered into by consumers 65 years or older would need to be in font size larger than 10 points, that the contract expressly allow consumers to receive notification by mail or email, whichever the consumer chooses, and that the right to cancellation is at least five days.

The Department has also received complaints surrounding promises or guarantees included in weight loss advertisements. While representations of weight loss are regulated by existing diet program statutes, C.G.S. § 42-280 *et seq.*, increasingly, advertisements are being placed by entities that fall outside the statutory definition of a diet company. The guarantees and promises made by these entities are often misleading, unsubstantiated, and encourage certain questionable weight loss regimes that are not scientifically verified as being effective. This bill would amend the statutes to cover advertisers other than “diet companies” from using “guaranteed” or “promised” weight loss in advertisements. Additionally, this proposal would require these companies to use scientific evidence to substantiate their guaranteed or promised weight loss.

Finally, this bill would address issues surrounding dating companies, known in our statutes as “social referral services.” While C.G.S. § 42-321 *et seq.* provides some regulation of these services, the statutes are primarily limited to the consumer’s cancellation rights of the contract, providing them with a three day right to cancellation and a refund. However, our Department and other states have seen an increase in consumer complaints regarding the nature of services provided by dating companies and our current statutory scheme does not offer any additional protections beyond the three day right to cancel. More specifically, there has been a rise in complaints regarding the quality of social referral services and there are many instances of social referrals services promising a certain number of dates or matches to a consumer in

exchange for a large fee and then often failing to deliver on the promise within a reasonable time. Social referral services companies are charging thousands of dollars (sometimes up to \$20,000.00) and may provide only one date to a consumer over a period of five years. The prevalence of low quality, inadequate social referral services provided to consumers has been on the rise considerably in this State and nationwide. This statute, informed by laws in other states facing similar issues, would give the Commissioner the authority to establish a maximum amount of fees that could be charged. It also limits the duration of a contract to ensure that dating services provide consumers with a set amount of referrals within a reasonable time period. Finally, it permits cancellation of the contract and a pro-rata refund if the social referral service company does not provide the purchaser with the set number of social referrals within two consecutive months. These new provisions would provide additional protections to consumers not afforded in the current statutory scheme and ensure that consumers would be getting the services that they paid for in a reasonable amount of time for a reasonable fee.